

# MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## DIVISION OF CREDIT UNIONS

### NEWSLETTER

Volume 1, Number 8

October 8, 1999

#### CREDIT UNION COMMISSION MEETS

The Credit Union Commission met on September 23, 1999. Present were Commission members Sharon Ichord, Pat Jacobs-Macdonald, Cathy Stroud and Pat Yokley. Also present were Becky Kilpatrick from the Department of Economic Development, Christie Kincannon from the Attorney General's Office, Les Rosenfeld from the Leon G. Kusnetzky Professional Corporation and Kari Greathouse from the Missouri Credit Union System. John P. Smith, Rob Berry and Meribeth Neidert were present from the Division of Credit Unions.

The Commission adopted a policy stating that requests to add membership groups or areas with potential members greater than 3,000 will have to be submitted to the Credit Union Commission for approval.

Another policy adopted by the Commission requires credit unions adding the classification "family" to their by-laws or expanding their definition of "family" to submit a FIELD OF MEMBERSHIP EXPANSION request (call the Division of Credit Unions if you have questions regarding this policy).

The Commission also adopted as policy that the addition of "household" to a credit union's field of membership is a field of membership expansion and therefore requires submission of a FIELD OF MEMBERSHIP EXPANSION request.

Following review of comments received on the proposed rules to implement changes in the credit union statutes required by HB 1323, the Commission made three changes.

#### **4CSR 105-2010 Rules of Procedure (4) Costs**

The rule was revised so that costs of an appeal can be assessed to a party determined by the Commission rather than the prevailing party.

#### **4CSR 103-3.010 Definitions**

"Metropolitan statistical area" was stricken from the definition of "Neighborhood".

#### **4CSR 105-3-30 Economic Advisability**

The Commission removed the "on-site" investigation required for an application for a new credit union charter. The Division of Credit Unions must still conduct an investigation, but it need not be on-site.

The Commission will have a telephone conference call at 10:00 AM on October 13<sup>th</sup> to review the final order of rule making. The next step in the process is review of the rules by the General Assembly's Joint Committee on Administrative Rules and publishing in the Missouri Register.

The Commission's next meeting is scheduled for 10:30 AM, Thursday, November 4, 1999.

#### CUSO REPORTING

Historically credit union service organizations (CUSO's) have not had a prominent role in Missouri credit unions. CUSO's provide credit unions a means of performing services for members through a related but separate organization. Credit unions considering forming a CUSO should be familiar with Rule and Regulation 4CSR 100-2.085.

The Rule and Regulation outlines permissible structure, activities, and procedures as well as setting maximum investment/loan levels by credit unions to CUSO's.

To complete the Division's record keeping we are requesting that each credit union having an investment in or loans to a CUSO forward the latest annual Financial Audit of the CUSO to the Jefferson City Office. Thank you for your cooperation in these matters.

## MID YEAR 1999 PERFORMANCE COMPARED WITH YEAR-END 1998

In the last issue of the Newsletter, statistics for the first six months of 1999 were published along with our commentary. A suggestion was received that we publish a comparison with year-end 1998 statistics. Here they are. Please refer to the previous newsletter for our commentary. Statistics are as of 12/31/98 (top number of each column) and 6/30/99 (bottom number). For a complete report on Missouri and national trends see our web site <http://www.ecodev.state.mo.us/cu/>.

	<b>Missouri 12/31/98 and 6/30/99</b>	<b>All Credit Union's</b>	<b>Difference</b>
Capital/Assets	11.3% 10.9%	11.5% 11.3	(0.2%) (0.4%)
Cost of Funds/Av. Assets	3.8% 3.4%	3.6% 3.3%	0.2% 0.1%
Return on Av. Assets	0.8% 0.8%	0.9% 0.9%	(0.1%) (0.1%)
Market Growth	15.1% 10.9%	10.7% 9.8%	4.4% 1.1%
Capital Growth	12.8% 4.5%	8.8% 5.8%	4.0% (1.3%)
Loan Growth	12.4% 10.7%	5.8% 7.5%	6.6% 3.2%
Operating Expense/Av. Assets	3.8% 3.6%	3.3% 3.2%	0.5% 0.2%
Delinquent Loans/Total Loans	1.0% 0.8%	0.9% 0.8%	0.1% -0-
Asset Growth	14.9% 11.5%	10.7% 9.4%	4.2% 2.1%

### Applications for Field of Membership Expansion

Emergency rules adopted by the Credit Union Commission, effective July 12, 1999 restore to the

Division the authority to act on field of membership expansion requests.

Six applications have been received. Two applications, each to add a group less than 3,000 potential members, will be published in the November 1<sup>st</sup> edition of the Missouri Register. A ten-day comment period after publication is required before the Director, Division of Credit Unions can **make the** decision to approve each of the applications.

One application for a geographic expansion of greater than 3,000 potential members will be published in the November 15<sup>th</sup> edition of the Missouri Register and placed on the agenda for the Credit Union Commission's November 4<sup>th</sup> meeting.

The remaining three applications were incomplete and were returned to the submitting credit unions. The Division of Credit Unions is continuing to work with these and other credit unions to assist in their completion of the application and documentation.

As credit unions and the Division become more familiar with the requirements of this legislation, we should be able to simplify the process. The Division will welcome any suggestions concerning how to simplify or otherwise improve this new process. The Director will be holding meetings with credit unions to discuss the process and receive suggestions on improvement of the process after final rules are adopted

The application form may be obtained by calling (573) 751-3419 or by visiting our web site <http://www.ecodev.state.mo.us/cu/>.

#### FROM THE DIRECTOR

Once the final field of membership expansion rules have been published, meetings will be held throughout the state to hear from you how the process can be improved. Plan to participate.

Thank you for the invitation to participate in several meetings of credit unions and related organizations during the past months.

John P. Smith, Director